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ABSTRACT

Supporters of school-choice proposals contend that private-school choice continues to gain momentum at the state and local levels. This publication provides an overview of trends in the privatization of school choice, including privately financed voucher programs, contractual arrangements with the private sector, and for-profit private school chains. After discussing a brief history of private school choice and noting examples of emerging entrepreneurs, the following key questions in the debate are discussed: (1) What kinds of choices do parents want? (2) Will the private sector produce better outcomes? and (3) Will the private sector exacerbate existing inequalities? Whether emerging private-sector movements continue to grow may depend on the progress of public-school efforts. In the mean time, many agree that educators should not only document their accomplishments, but describe the challenges they face. (LMI)

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The Privatization of Choice

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With the election of President Clinton, many anticipated a swift death to any choice proposals that would funnel public funds into private schools. Meanwhile, supporters of such proposals contend that private school choice continues to gain momentum at the state and local level. Adding another dimension to that discussion are three emerging trends: 1) privately-financed voucher programs, 2) contractual arrangements with the private sector, and 3) for-profit private school chains. Today, these trends put a new spin on an otherwise old debate: *the privatization of choice.*

A Brief History of Private School Choice

The concept of public funding for private education is not new. Adam Smith (*The Wealth of Nations*, 1776) and John Stuart Mill (*On Liberty*, 1859) both argued for government-supported programs that allowed parents the right to choose among schools. In the 1960s, economist Milton Friedman proposed giving parents government vouchers to purchase educational services. But not until 1972 was the first widely documented public voucher program implemented in Alum Rock, California. Private schools were allowed to participate but had to hire certified teachers and pay them public school wages. Such restrictions contributed to their decision not to participate and why no new private schools were created. Researchers concluded that because of controls put on the program, it could not be viewed as a good example of free market competition.

In the 1980s support for choice among public schools continued to grow, while private school choice remained highly controversial. Criticism prompted voucher proponents to temper their proposals by excluding religious schools and allowing for some regulation of participating private schools. But even these more moderate proposals have not gained widespread support. With the exception of **Milwaukee's Parental School Choice Program**, a small voucher program enacted in 1991 serving about 600 students, all recent private school choice initiatives have been defeated in legislatures or public referendums. In what many characterized as a litmus test for future initiatives, a 1992 private school choice proposition in Colorado was rejected by 67 percent of the voters. (A similar measure will be on the ballot in California in 1994.) At the Federal level, a voucher amendment to Congress' comprehensive education reform bill S.2 was also rejected this past year.

Examples of Emerging Entrepreneurs

Voucher Providers. Frustrated with these failed state initiatives, some individual donors, foundations, and corporations have financed their own voucher programs, providing private school scholarships to low income children. Unlike traditional scholarship programs, these are meant to challenge public schools. Although such programs are rare, the concept appears to be catching on. **Choice Charitable Trust** in Indianapolis, created in 1991, now provides over 900 children with scholarships equal to half of their tuition up to $800. Another program launched in 1992 in Atlanta by the **Children's Education Foundation** provides 198 students with scholarships equal to half their tuition up to $3,000. Similar programs exist in San Antonio, Little Rock, and other communities are following their lead.

Private Contractors. Hoping to save money, school districts are contracting with for-profit companies for ancillary services such as transportation and janitorial services. Recently this trend has extended into new territory: education itself. Notable among the for-profit providers is **Education Alternatives Incorporated** (EAI). Created in 1986, EAI has primarily provided management, consulting, and product services to school districts. But last year it accepted a $140 million contract to run nine Baltimore schools, including the provision of instructional services. Under its performance-based contract with school districts, EAI claims it will take no profit until its programs demonstrate improved educational outcomes. Its success remains to be seen.

For-Profit Competitors. Whereas EAI only operates within the existing public school system, making it accountable to local school boards, educational entrepreneur Chris Whittle, founder of Channel One and the newly created **Edison Project**, plans to create a chain of for-profit private schools as well as sell his wares to school boards. He promises costs (about $5,500 per student) comparable to, and outcomes better than, public schools. His ambitious plan calls for opening 1,000 schools by the year 2010, serving over two million children, age three months to 18 years. Scholarships will be provided to 20 percent of the students.

Supporters claim that rather than undermine public schools, Whittle's efforts will provide a much-needed prototype for success. To others, however, the Edison Project serves to remind educators that there is a movement to provide alternatives to public schools. Whittle does not stand alone. According to Lois Gerber, chair of the National Association of Independent Schools, the numbers of elementary and secondary children served by their association's proprietary schools has doubled in the past five years and now stands at around 22,000.

To satisfy skeptics, these new entrepreneurs need to prove that they can do more than produce academic

gains for a privileged few who, critics agree, would likely do well anywhere; they must be ready to help those children who have traditionally been underserved.

Key Questions in the Debate

What kind of choices do parents want? Supporters of private school choice note a 1992 Gallup poll commissioned by the National Catholic Educational Association, which revealed that 70 percent of Americans would be willing to have a portion of tax revenue now allocated to public schools used instead to send children to the public, private, or parochial school of their choice. In this poll support for vouchers was especially strong among minorities: 84 percent of Hispanics and 86 percent of African Americans supported them.

For their part, opponents cite a 1992 Carnegie Foundation study which asked public school parents whether they would support a voucher program allowing children to enroll in "a private school at public expense." Sixty-two percent said no, 32 percent said yes, and six percent were undecided. When asked the best way to improve schools, 82 percent suggested more resources for schools, and only 15 percent said competition. Seventy percent of the parents said given the choice they would not transfer their children to another school, irrespective of its location or whether public or private.

Obviously, public support depends to some degree on who is surveyed and how the issue is couched.

Will the private sector produce better outcomes? Although disputed by studies such as the Sandia Laboratory and Gerald Bracey reports, one assumption underlying the push for competition with the private sector is the demise of public schools. Researchers Terry Moe and John Chubb argue that the bureaucratic process which governs public education makes it impervious to improvement. Advocates of private school choice agree by maintaining that because private schools are not hindered by regulation, they produce better results. While some research supports this contention, critics argue that the impact of private schools on student achievement is negligible and that studies have not adequately accounted for differences among public and private schools' admission, curriculum, and teacher hiring standards.

Similar arguments are made about the academic impact of public schools run by private contractors. In the 1970s the Office of Economic Opportunity sponsored a number of experiments in performance-based contracting, but none clearly demonstrated improved academic outcomes. Of course any comparison between publicly and privately run schools must be assessed in the context of another long-standing controversy: what outcomes truly measure educational impact?

Will the private sector exacerbate existing inequities? A compelling argument against privatization and private school choice is that it will exacerbate existing educational inequities. The Carnegie study findings lend credence to criticism that wealthier families gain most from choice programs because they have the information, transportation, and ability to supplement government subsidies to maximize their options. In fact, for almost half of all American families the next closest school is over five miles away. For families without public transportation, the choices are clearly limited.

Special needs children, such as those with limited English speaking skills or disabilities, have even fewer options. In the **Milwaukee Parental Choice Program**, for example, publicly funded private schools were exempted from laws that would have required them to provide appropriate services for children with disabilities.

Moreover, critics of privatization argue that the profit motive can eclipse the concern for the public good. They point to studies showing that privatization of day care centers resulted in profits, but not without lowered quality of services to children and limited access for minorities.

How Far Will The Privatization of Choice Go?

In the end, whether emerging private sector movements continue to grow may depend on the progress of public school reform efforts. If current initiatives to free public schools from regulatory constraints result in increased innovation and improved performance, support for private sector involvement may wane. Policies that provide more flexibility to schools in the way they govern, provide instruction, develop curriculum, and administer funds (e.g., charter schools, blanket waivers) may turn out to be more important than competition with the private sector in improving the academic performance of schools.

In the meantime, many agree that educators should not only document their accomplishments, but describe the challenges they face. By doing so, those in the private sector eager to try their hand at educating America's children will not think they can easily do it better, as equitably, and with as much care.

POLICY UPDATE

Far West Laboratory for Educational Research and Development serves the four-state region of Arizona, California, Nevada, and Utah, working with educators at all levels to plan and carry out school improvements. The mission of FWL is to assist educators in the region by linking them with colleagues; sharing information, expertise and innovative practices; and providing technical assistance to build local capacity for continued self-improvement.

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